

MAR 16 2005

Attorney Docket No. JDC-001-US

**PATENT****IN THE UNITED STATES PATENT AND TRADEMARK OFFICE****IN RE APPLICATION OF: JONATHAN D. COOPER****APPLICATION No.: 09/648,102****FILED: 08/25/2000****FOR: IMPROVED MONEY TRANSFER SYSTEM AND  
METHOD WITH ADDED SECURITY FEATURES****EXAMINER: HAYES, JOHN W.****ART UNIT: 3621****CONFIRMATION No: 4360****DECLARATION OF JONATHAN D. COOPER  
UNDER 37 CFR 1.132**

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Attorney Docket No. JDC-001-US  
Declaration Under 37 CFR 1.132 of Jonathan D. Cooper

I, Jonathan D. Cooper, declare:

1. I am the inventor of the above referenced application.
2. My invention is complex in that the secure money transfer described in the specification requires use of banking operations and issuance of ATM cards. My invention succeeded, where many others had failed, to solve the problems associated with conventional wire transfer services.
3. The national non-bank consumer wire transfer industry can be best described as a billion dollar industry, with rapid growth, high-profit margins and lack of competition. The wire transfer industry is controlled by a small group of companies each having tight control over their own conventional wire transfer system.
4. As of 1995, Moneygram®, wire transfer service claimed there were over 33 million non-bank consumer money transfers per year worth about \$9-10 billion dollars in the face amount of the transferred funds. At the time the present patent application was filed, consumers had only two large companies in the money wire transfer industry to choose from. Western Union® and Moneygram® earn substantial profits by charging a fee ranging from 7 to 11 % of the face value of each transfer. Currently, Moneygram® wire transfer service charges \$24 dollars for a \$300 wire transfer and Western Union®, a competing wire transfer service charges \$30 dollars for the same wire transfer.
5. Although these two large money transfer companies will take money transfer orders by phone using a credit card, they are not currently actively promoting this service and most importantly, the consumer who is receiving the funds in a wire transfer must be at the office of a Western Union® wire transfer service or a Moneygram® wire transfer service (or one of their authorized agents) in order to pick up the transferred money. This is highly inconvenient for many consumers as the consumer must find an open Western Union office close to the physical location.
6. The conventional wire transfer system includes a sender consumer, a recipient consumer, a wire transfer sending location, and a wire transfer recipient location. The typical sender consumer is a friend or relative of the recipient consumer, and is willing to pay a substantial premium because the recipient consumer needs money quickly. The recipient consumer is generally a person who is in dire need of money.

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7. In a typical wire transfer, the sender consumer, desiring to transfer money to the recipient consumer, physically enters the wire transfer sending location in order to initiate a wire transfer to the recipient consumer. The recipient consumer need not be present during the transfer of money from location to location; however, the recipient consumer must go the physical location of the wire transfer center and show the appropriate identification in order to receive the cash. The sending wire transfer center usually charges a large commission for transmitting the transaction to the receiving wire transfer center.
8. These conventional wire transfer services utilize agent based systems to facilitate the transfer of money. Agent based money transfer systems have been in existence for centuries. These systems are inefficient and expensive as it requires a huge and costly physical and human infrastructure to support. In short, the inconvenience and high cost of the conventional wire transfer services has created a long-felt need for a more convenient, less expensive alternative for consumers.
9. Around 1995, a potential solution to the problems associated with conventional wire transfer services was provided by the over 165,000 Automatic Teller Machines (herein referred to as "ATMs") currently located in the United States, and there are over 400,000 ATMs in 110 countries located throughout the world. ATMs are no longer exclusively associated or located in or near banks and there are growing number of independent ATM network operators who are putting ATMs in more and more locations including grocery stores, casinos, tourist offices, and other places where people need instant access to their cash. In heavily populated urban or large commercial areas, there may be several competing ATMs in close proximity to each other. This is compared to currently only 15,000 Moneygram® and 28,000 Western Union® money transfer service locations in which to conduct a traditional wire transfer. The ATM networks provide 24-hour, 365 day access to consumers.
10. An attempt to solve the problems of conventional wire transfer services is provided by VISA® which currently allows its customers, through participating banks, a service which allows them to go to the bank during business hours to purchase an ATM card which contains a preset amount of money. This card acts like a pre-paid VISA® at participating retailers and ATMs and provides some of the advantages over the traditional traveler's checks, such as security, 24-hour ATM availability and less

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destructibility, but also has drawbacks as well.

11. First, like traveler's checks, the VISA® travel money product can only be purchased at participating banks or retailers during business hours, thus limiting the availability of this product. The present invention is a substantial improvement because it is easily purchased, 24 hours a day, 7 days a week by consumers who need a safety cash-substitute product on short notice. This availability of the present invention applies to the gift aspect of the pre-paid ATM card as well. The targeted pool of consumers who use this product are often urgently in need of a safe travel financial mechanism and arranging purchase during business hours at certain banks (which may not be located in smaller cities or rural areas) is highly impractical.
12. Thus, the VISA® travel money product proved not to be a commercially viable solution to the problems of conventional wire transfer services and represents another failed attempt to satisfy this long-felt need.
13. Yet another attempt to solve the long-felt problems with conventional wire transfer is set forth in U.S. Patent No. 5,650,604 issued to Marcus, in which a recipient consumer can withdraw cash at an ATM given only a security code and a unique security identifier and such withdrawals can be made without the use of an ATM card. The patent was originally owned by Electronic Data Systems (EDS) and then later assigned to Western Union. Due to security risks associated with this system and the limited availability of ATMs that are adapted for this particular system (since most ATMs are activated by the insertion of a magnetically encoded card), this method is neither safe for the sender or recipient, nor commercially viable to date. This system also requires the recipient consumer to remember two sets of security identifiers.
14. Western Union attempted to implement the cardless money transfer system but failed. In 2001 Western Union installed thousands of newly modified ATMs at all 7-Eleven locations at great expense. Customers have been reluctant to accept and adapt to this system. Educating customers to use these new machines and installing new machines worldwide is unworkable, unfeasible (as Western Union does not own all of the ATM machines or locations) and unprofitable (due to the high cost of retrofitting ATM machines).
15. Thus, the EDS system proved not to be a commercially viable solution to the problems

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of conventional wire transfer and represents another failed attempt to satisfy this long-felt need.

16. A similar approach to the EDS cardless system, attempted by Citibank, is set forth in U.S. Patent No. 5,963,647 issued to Downing et al. and assigned to Citibank. The object of the Citibank system is "to provide a system and method which support funds transfers from a source account to a cash access file for *cardless withdrawal* by both customers and non-customers of a particular financial institution." Downing Patent at col. 3, 42-47 (emphasis added). In the Citibank system, customers could only receive transferred funds one of two ways: 1) by having an account and ATM card at Citibank, and 2) using a specially configured terminal (CAT) to enter verification information without the use of an ATM card. Thus, the Citibank system suffers from the same problems and proved to be a failure for the same reasons as the EDS cardless system. In fact, Citibank attempted to implement the cardless system, but abandoned the effort due to the cost and difficulty in retrofitting ATM machines.
17. The first system to commercially succeed in solving the problems of conventional wire transfer services is my claimed invention as embodied in the SafeSend system offered by Bank of America, which focuses on money transfers between the United States and Mexico. Of note, my petition to make special was based upon the launch of the SafeSend system by Bank of America. I believe Bank of America has enjoyed unprecedented success due to the simplicity for a new customer to start using the service and the ease and low cost for the financial service provider to offer the service. No modifications are needed at any of the existing millions of ATMs. These widely disbursed and owned machines are fully functional at no cost to Bank of America or any other subsequent provider of this service utilizing my invention.
18. Bank of America's SafeSend service has enjoyed unprecedented commercial success in a very short period of time in an environment dominated by Western Union. In just the first six months of 2004, the SafeSend service grew by 1500 percent according to an August 17, 2004 press release by Bank of America. Thus, after failed attempts by Western Union, Citibank and others to solve the long-felt problems associated with conventional wire transfer services, my invention provided a commercially successful alternative.

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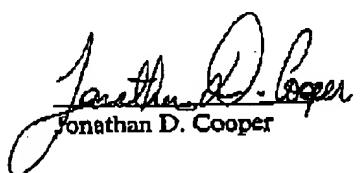
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I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true.

  
Jonathan D. Cooper

16 March 2005  
Date